

SECRET

23 JAN 1955

Approved For Release 2003/03/28 : CIA-RDP79R00890A000500030054-0

SOUTH VIETNAM

- DOCUMENT NO 1em manifesto (last week).

NO CHANGE IN CLASS ☐

DECLASSIFIED

CLASS. CHANGED TO: TS S C

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AUTH: HR 70-2

DATE: Jan 80 REVIEWER:

ment with much fanfare, has also been well-paid (has received about half of premier's confidential funds).

C. Meanwhile, the Binh Xuyen's holdings are sufficiently lucrative as not only to put these gangsters beyond bribery, but to permit them to do their own bribing.

1. Their price-tag for relinquishing Saigon police is over \$1 million.
2. They got Cao Dai "Pope" to sign earlier manifesto by gift of 1955 Oldsmobile.

III. Army forces greatly outnumber Sects but are dispersed; also, defense minister has no stomach for showdown.

A. Diem states army morale is low, largely as result of arbitrary dismissals by defense minister.

will take tough line and force open fight with Sects.

IV. Sect's "ultimatum" of 20 March gave Diem five days to reorganize government in undefined manner.

A. After that, Sect leaders would "appeal to the people."

B. Prospect is that Sects will seek maximum squeeze rather than attempt coup.

V. Serious problem is that Sects' harassing tactics distract government from more important matters.

A. Priority task is unified front against Communism; Sect self-seeking cripples efforts along this line.

B. Disunity in South puts Diem in weak position in forthcoming discussions with Viet Minh on national elections.

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C. Viet Minh media already pointing to

Sect activity as evidence of chaos:

example--radio (15 Mar) said "civil
war raging in South Vietnam."

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